The Fundamentals of Recreational and Leisure Property Valuation: Beyond and Unbiased

Kaarel SAHK, Kalev SEPP, Estonia

Key words: recreational and leisure property, valuation, local and global terms, mutual connection, risk zone, cultural identity

SUMMARY

In the contest of description of the recreational and leisure property is very important to refresh the understandings of terms local and global fundamentals as terms loading the separated viewpoint with market situation. The named approach brought us to the importance of the market data and it’s analyze and also the mutual and bilateral connection of it with cultural situation. Lastly underlined dispatch is strongly connected with description of the quality of life and contacted with modus vivendi i.e. lifestyles of the consumers who are affecting the curve of demand of both types of properties. Risk in this area is treated by Sjöberg and Engelberg and on its further development. The other aspect is concentrating on the relationship with the target group of users, showed by Felipe and Betty Ann Korzenny and to the orientation of it first of all to the lifestyle, culture and identity through the real estate using the analyze of named global and local terms. Last aspect means, that commonly the valuation of recreational and leisure property is impossible without accounting these influences.

SUMMARY (In Estonian)

Kinnisvarade, milliste kasutusfunktsioon on seotud puhkamise ja lõõgastumisega, seisukohast lähtuvalt on otstarbekas värskendada lokaalseid ja mittelokaalseid lähennemisi, millistel põhineb nimetatud varade turuanalüüs. Kuna turuanalüüs on üks ja oluline osa nende varade kui kinnisvara hindamisest, siis oluline on markeerida bilateraalne side kultuuriga. Kultuuripõhine lähennemine ei ole aga mõeldav ilma kinnisvara kasutaja või omaniku elulaadi käsitlemiseta, mis omakorda on seotud ruumi ja kohaga, tuues meid tagasi kinnisvara juurde. Selline elustiilipõhine lähennemine tähendab ka riskigruppir (Sjöberg, jt) identifitseerimist kusjuures määravaks on Felipe ja Betty Ann Korzenny esitatud lähennemine uute rahvusgruppide tekkele ja nendepoolsetele mõjutustele. Viimasena nimetatud lähennemine kinnitab veelkord asjaolü, et puhkeotstarbelise kinnisvara hindamine ilma vastavsisulise, kultuuripõhise erilähenemisteta on raske kui mitte võimatu.
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"Recreational real estate development can
Live in peace with conservational ecology"
Jack Galanek, 1972,
(Property developer, conversationalist by nature)

1. INTRODUCTION

The appraisal\(^1\) of real estate as a procedure that widely is called also as property valuation is the common part of economics of every well-developed society. Congener situation we may follow if we start nearly specify the different stages of the economical development of newly independent states which restored their independency on the first years of last decade of last century. Therefore exists a huge difference also, so as the role of the appraisal i.e. valuation procedure had not have the equalable and homogeneous nature and importance during the II independency of the state and this approach is similar not only for Estonia but seems to be analogous for all Baltic States and for the most newly independent states, also called Vyshegrad Group States (Gaidar 1997) as well. Simultaneously with the ranking of the relevance of valuation procedure we may draw down the contingent relationship of the divergence legal acts starting with the Legal Act of Ownership Reform Bases compulsory purchases with the economical development and with the appraisal procedure itself as well. Other way we may conclude that the appraisal process is one part of the economical development and on the other hand it is one clearly distinguish and cyclically marker of it.

2. VALUATION BIAS THE FUNDAMENTALS

2.1 The nature of property – can we follow the history?

Applying attention to the nature and built up of property in the contest of development according the value of it and also the procedure of the value estimation there exists a sufficiently constant indication of them through the last two - three decades\(^2\). The dynamics of the different terms regulating the appraisal procedure and describing the property’s nature are screened in the Table 1. Accounting the goal of paper it is important to concentrate basic attention to the real property i.e. real estate so as this term is acting the most important and conspicuous role in the appraisal not only of the recreational or leisure property but in the appraisal procedure in all.

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\(^1\) Often the words explaining the terms “appraisal” or “valuation” and the verbs “to appraise” and “to value” are used in the common real estate practice synonymously. As a fact the process as valuation is pointed to the analysis of the past transactions, and then the process of appraisal is forward looking and tries to estimate the future worth of property. (Wyatt 2007:355)

\(^2\) The first edition of International Valuation Standards (IVS) in 1994 was not the first officially ordered paper where the definition of different properties was presented. For example, the USPAP was originally written in 1986-87 by an ad-hoc committee that represented the various professional appraisal organizations in the United States and Canada.
Table 1. Comparison of different definitions of property

<table>
<thead>
<tr>
<th>Source</th>
<th>Property</th>
<th>Real property or real estate</th>
</tr>
</thead>
<tbody>
<tr>
<td>IVS</td>
<td><strong>Personal property</strong> refers to ownership of an interest in items other than real estate (IVS 1994:13)</td>
<td><strong>Real property</strong> is an interest in real estate (IVS 1994:13)</td>
</tr>
<tr>
<td>IVS</td>
<td><strong>Property.</strong> A legal concept, encompassing all the interests, rights and benefits related to ownership. Property consists of the private rights of ownership, which entitle the owner to a specific interest or interests in what is owned. To distinguish between real estate, a physical entity, and its ownership, a legal concept, the ownership of real estate is called real property. Ownership of an interest in an item other than real estate is referred to as personal property. (IVS 2007:398)</td>
<td><strong>Real Property.</strong> All the rights, interests, and benefits related to the ownership of real estate. Real property is a legal concept distinct from real estate, which is a physical asset. There may also be potential limitations upon ownership rights to real property (IVS 2007:402)</td>
</tr>
<tr>
<td>Appraisal Institute</td>
<td><strong>Personal property</strong> 1. Identifiable tangible objects that are considered by the general public as being &quot;personal,&quot; for example, furnishings, artwork, antiques, gems and jewellery, collectibles, machinery and equipment; all tangible property that is not classified as real estate. 2. Consists of every kind of property that is not real property; movable without damage to itself or the real estate; subdivided into tangible and intangible. (Definition of the IAAO⁴) (The Dictionary 2002:212)</td>
<td><strong>Real property</strong> All interests, benefits, and rights inherent in the ownership of physical real estate; the bundle of rights with which the ownership of the real estate is endowed. In some states, real property is defined by statute and is synonymous with real estate. (The Dictionary 2002:232)</td>
</tr>
<tr>
<td></td>
<td><strong>Real estate</strong> A physical land and appurtenances attached to the land, <em>e.g.</em>, structures. An identified parcel or tract of land, including improvements, if any. (The Dictionary 2002:234)</td>
<td></td>
</tr>
</tbody>
</table>

³ That is why therefore sometimes in the common appraisal explanations are made an equalizing, that if we do not deal with a personal property, than we deal with the real property.
⁴ IAAO - The International Association of Assessing Officers

Kaarel Sahk and Kalev Sepp
The fundamentals of recreational and leisure property valuation: beyond and unbiased

Baltic Valuation Conference 2008. Recreational & Leisure Property Valuation around the Baltic Sea
Klaipeda, Lithuania, 11 – 13 September 2008
| USPAP | **Personal property:** Identifiable tangible objects that are considered by the general public as being “personal”, for example, furnishing, antiques, gems and jewellery, collectibles, machinery and equipment; all tangible property that is not classified as real estate. (Uniform… 2004:4) |
| Red Book | All rights and interests in land (with and without buildings), Plant & Machinery and wasting assets unless the context clearly implies a more restrictive definition. The term applies also to other assets held as trading stock or work in progress, when the valuation is for the purposes of inclusion of a figure(s) in a Financial Statement. 'Property' will include 'properties' in the appropriate context. (RICS 2003:4) |

It is clearly evidential how spectacular have been the development of the standardized definition of the term “property”. Following these given definitions in the context of the Estonian Valuation Standards and analyzing the current explanation of the term property, applicable for the valuation procedure, is available to make the following diversification:

The property is

1. **Real property** that means a complete and full power over a thing, which is a real thing. The thing is a parcel of land and inseparable attachments of it.
2. **Personal property** that means a complete and full power over a thing that is not a real thing.
3. **Business**, that means an economical entity, that involves the things, rights and the obligations which are associated with the goal of current entrepreneurship
4. **Financial interests**, that is an independent right to receive revenue from the property involved in. (EVS 2005:8)

Above named classification of the property’s definition is according to the text of the last edition of international valuation standards⁵. In the *de jure* approach of the term “complete and full power” means that the ownership of the thing with what we deal, must give to him/her a legal possibility to posses the property, to use it and also to dispose it as well. The lastly named three juridical concepts are very important and closely related with the process of valuation. In the goal the of paper named link means a proposal do not discuss the valuation of the recreational and leisure properties without giving a clarification and commentaries how the right to posses, use and dispose are affecting the value.

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⁵ The International Valuation Standards Committee recognizes the following four property types: i) real property, ii) personal property, iii) businesses, and iv) financial interests. (IVS 2007:49-60)

Kaarel Sahk and Kalev Sepp
The fundamentals of recreational and leisure property valuation: beyond and unbiased

Baltic Valuation Conference 2008. Recreational & Leisure Property Valuation around the Baltic Sea
Klaipeda, Lithuania, 11 – 13 September 2008
2.2 Classical and neoclassical approach to the valuation

The methods of valuation, considering the nature as the bases of property valuation, are a statutory, or quasi-statutory, but the definition of that determines, what the valuer (appraiser) is attempting throughout the valuation procedure to achieve a value of the property. In the common appraisal practice the method of valuation is some a sort of mathematical model that is founded on the one of the basic appraisal approaches. For solving it, the appraiser supply different applied techniques for estimating the current value of the subject property. Contemporary application of methods and their based techniques is propounded beside the valuation standards in many different sources, but the one of the best treatments is revealed by French and Gabrielli in their fresh paper *Market value and depreciated replacement cost: contradictory or complementary?* (French & Gabrielli 2007, Scarett 2008)

The valuation of property will therefore have all three important levels for the solving the problem of the value of it. These three basic levels are:

1. Approaches of valuation, *i.e.* appraisal approaches
2. Methods of valuation, *i.e.* appraisal methods and
3. Applied techniques of valuation, *i.e.* appraisal techniques

Also is essential to account, that on the global plane there are a varying number of different models used by appraisers for valuation procedure. (*E.g.* in the United Kingdom are five recognized methods in use, whereas the most appraisers of United States and Continental Europe apply basically in everyday practice only the three methods.) Considering the local – Estonian appraisal practice, and all Baltic States, firstly Latvian and Lithuanian practical advances to the valuation procedure, there exists a quite distinct figuration that also the only principal three methods are employed.

1. The capital comparison;
2. The investment method;
3. The depreciated replacement cost methods;

In spite the fact, that the following two methods, which should be seem as some sort of sub-sets of the investment method (*i.e.* income approach) that are used basically by the Britain valuation market, must also be taken into consideration. These two methods are:

4. The residual method and
5. The profits method

Thus named five valuation methods, which are based on a three basic approaches of valuation, can be shortly grouped hereinafter as following:

*Comparable method* will be in use for valuation for most types of real property. The basic condition for the utilizing of it is a sufficient and adequate number of previous sales properties similar to the subject property. These previous sales turn into the historical databank of sales and representative sales must be evidential. Hereby is elemental, that the actual dates of the sales must be listed and registered. It is also transparent, that comparing the sales described in the turn of money; the earlier used capital is collated using the historical sales mechanism. Returning to the instrument of comparison is exactly understood that for

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\(^6\) Very important is a verb “to achieve” that explains that sometimes exist a possibility does not catch the value of property subject to the valuation process. This relationship itself needs a deeper analyze in especially paper.

Kaarel Sahk and Kalev Sepp

The fundamentals of recreational and leisure property valuation: beyond and unbiased

Baltic Valuation Conference 2008. Recreational & Leisure Property Valuation around the Baltic Sea

Klaipeda, Lithuania, 11 – 13 September 2008
applying the comparison tools, the appraisers who are executing the valuation procedure, need some special data. Named specialized data, *i.e.* object and market information, as rule, is commonly measurable one and may be divided into two huge groups like:

1. Geographical data *i.e.* data like topography of compared properties, surrounding neighbourhood, environment, etc.
2. Construction data *i.e.* data like a size of compared properties and other physical parameters, age, quality of construction and structures, etc.

According to the similarity of comparables or their differences as well, the valuer infers from the adjusted sales prices the probable current value of the subject property. It is important, that hereby the term “market value” is not always the one, which is estimated through engagement the comparisons institute.

*Investment/income method* is used for the appraisal of the most commercial (and residential) properties that are producing, or have the potential to produce the future cash flows through the letting of the property or non-specialized property. The investment method is the one most commonly used methods to value commercial properties purchased for investment purposes; *i.e.* from the side of the property’s buyer the amount paid for the subject property is an investment. Real estate market itself and its other participants, including the local authorities, are classifying persons, acting like a manner of this, a person who is willing to pay (WTP) for the a property involved in. (Horowitz & McConnell 2002, Kuang 2002, Sahk & Torop 2005)

The income direction is based on the assumption that the capitalized value of the assets are related to the income that they produce, or could generate7 in the future during the holding time8 of the property. Commonly this income is conveyed as the term “rent” or “rental value”. The connection of the future rental income9 and the capitalization rate or yield as quotient of them, is related to the value of capital that should be invested for acquiring the subject property.

*Accounts/profits method* is used for trading properties where evidence of rents is slight as they tend not to be held as investments10. The accounts method determines an appropriate rent, which is then used in the investment method – specialized property. If there are insufficient sales to determine a comparable value and if there is no rent produced because the property is in owner-occupation, then the valuer must determine the value by returning to a detailed market analysis. In other words, it is the valuer’s role to assess the economic rent for the subject property from first principles. This is calculated by assessing the potential revenue to be expected each year from the business, and deducting all other costs of a prudent operator in realizing that cash flow; the residue will be an estimation of the economic rent for the property. Multiplying the annual rent by an appropriate multiplier can then derive the capital value.

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7 In the appraisal practice of different countries similar properties wear the name “income generating properties”.
8 The term “holding time” is synonymous to the term “holding period” and it means a term of ownership of an investment. In the context is also important term “projection period”, that means a presumed period of ownership, *i.e.* a period of time over which expected net operating income is projected for purposes of analysis and valuation.
9 In the context of the value estimation is always important the present value of future cash flows.
10 Accounting the slight rentals therefore exist a common practice, how large should be the percentage of sales turnover turned into the rental payment. (Wyatt 2007:128-134)

Kaarel Sahk and Kalev Sepp
The fundamentals of recreational and leisure property valuation: beyond and unbiased

Baltic Valuation Conference 2008. Recreational & Leisure Property Valuation around the Baltic Sea
Klaipeda, Lithuania, 11 – 13 September 2008
**Development/residual method** is used for properties ripe for development or redevelopment or for bare land\(^{11}\) only. Method determines the value of the property as an asset, undeveloped relative to the potential sale price of the completed development, *i.e.* non-specialized or specialized property. This method as a valuation approach is based on the premise that the value of the property is the value of the property when developed less the costs of carrying out the development, including an allowance for the time taken to carry out the development.

**Contractor’s/cost method** is used for properties not normally bought and sold on the market and for technical (accounts and statutory) purposes only – specialized property. Here the nature of the business is so specialized that there are no comparisons, the property would be owner-occupied so there is no rental and the plant and the machinery will be the important elements contributing to the value of the business. Thus, the owner of the building will simply assess the market value of the building by reference to its replacement cost. How much would it cost to replace the property, if the business were deprived of its use? In simple terms, market value will equate to reconstruction costs. The valuer will assess the market value of the raw land (by reference to comparable land values in an appropriate alternative use), add to this value the cost of rebuilding a new building which could perform\(^{12}\) the function of the existing structure and from this then make subjective adjustments to allow for the obsolescence and depreciation of the existing building relative to the new hypothetical unit.

In every research of single valuation cases that are applied the earlier named methods for property valuation; the market participants, but first of all the local authorities, deal with question: How to turn the person willing to pay (WTP) for the current property into the person willing to work\(^{13}\) (WTW) with the same property? The possible solution of the problem depends from the market-based disposition of the WTP person into the speculation-based apportionment. Namely Malpezzi and Wachter in their paper “The Role of Speculation in Real Estate Cycles” (Malpezzi 2003:9-11) classified the market participants – WTP persons, as long term or short-term speculators. In a moment starts to be intelligible that the short term speculators can act rarely if ever as the person WTW. Contrast to them, the long term speculators, who are able to wait for a long time, up till they will receive the revenue from the invested money, are competent to act on the market, in the real estate drama as a WTW person. In spite the Malpezzi’s separation of speculators, therefore exists always a question, which must be unanswered, and this answer should always be argued with the appraised value and founded on the classical valuation procedures - approaches, methods and applying techniques\(^{14}\). The marked question was established under the auspices of Erik Person, the former professor of KTH\(^{15}\) and can be paraphrased into three connected parts:

1. **Why should I pay?** (for property, real estate)
2. **For what should I pay?** (use, possess or dispose the property, real estate)

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\(^{11}\) In some applications the term “bare land” is also known as a term “row land” or “non-developed land”

\(^{12}\) The basic and more sophisticated question for applying this method is question about obsolescence and depreciation. To apply the theory of the depreciation estimation needs beside the theoretical knowledge a long time experience.

\(^{13}\) To “work” hereby means the hope of a local authority to arrange the person WTP to active with the bought property such as it is satisfying the planning regulations, environmental restrictions and will be reasonable not only for market participants, but for all members of society.

\(^{14}\) Considering the valuation procedures here and after are provided only these one that are applicable accounting the recreational or leisure properties.

\(^{15}\) KTH – Kungl Tekniska Högskolan

Kaarel Sahk and Kalev Sepp

The fundamentals of recreational and leisure property valuation: beyond and unbiased

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Baltic Valuation Conference 2008. Recreational & Leisure Property Valuation around the Baltic Sea
Klaipeda, Lithuania, 11 – 13 September 2008
(3) What I shall receive? (what sort of property, real estate)

As the authors of supervised by Person master thesis (Applied... 1998), are designating, the answer to these question depends from the utility of involved property, i.e. as the property is valued by the WTP and WTW persons, then there exists a simple indication:

\[ \text{Value} = \text{function (Utility)} \]

Also the authors provide us with assurance, that beside the common factors describing the utility, i.e. the value, there is a possibility to count some other features of it, characterizing it from the side of the new aspects, that are not the common and earlier used one. These, different circumstances based on this interpretation are:

1. Sentimental value
2. Environmental value
3. Political value

Before the returning to the recreational and leisure property valuation procedures, is relevant to conclude that named value’s sub-divisions are only the frames, the basis of future allocations of them. The profundity of future developments in term mostly depends only from the target of appraisal and/or from the appraisers educational and experience based level\(^{16}\). All the given in the chapter 6 introductions of different terms and classifications cannot be missed during the appraisal procedure arrangement, if we deal with the leisure properties.

In the context of the chapter 2.2 is infinitely urgent to underline the possible behaviour of local authority, when the object authorities action is turn the person WTP into person WTW. Regardless to the circumstances, that actually Karl Popper mentioned the following idea in the other position, describing the different case as the current is, its signification cannot be noticed. Popper (Popper 1974) directed attention to the necessity of the public intervention. This public intervention must wear instantly the access of public authorities into the different levels of real estate market, realizing the objective to arrange the market conditions or their change, this way that the basically private ownership based person WTP will inflect into the person WTW.

2.3 The recreational and leisure property in the valuation procedure

Analyzing the contemporary literature about the recreational and leisure properties and their value estimation is an opportunity to conclude that therefore is absent a large number of special literatures handling appraisal of the named property types. On the one hand the Williamson and Marshall introduce this viewpoint in their Law and valuation of leisure property, firstly published already a decade ago. Authors explained the absence of a special literature with the scarcity of clear and technically correct indications of the terms explaining the nature of both types of property. (Williamson 1996:1-2) Also the existing definitions and legal interpretations are spilled around and dispersed in the spaciousness of real estate space. In spite this fact therefore exist a possibility to pick up some legal distributions, e.g. assemblies and the leisure or recreation will comprise different estates like

1. Cinemas
2. Concert hall
3. Bingo hall or casino

\(^{16}\) As a fact the most of appraisal procedures are including the appraiser’s intelligence and his/her capacity to write a narrative story.

Kaarel Sahk and Kalev Sepp
The fundamentals of recreational and leisure property valuation: beyond and unbiased

Baltic Valuation Conference 2008. Recreational & Leisure Property Valuation around the Baltic Sea
Klaipeda, Lithuania, 11 – 13 September 2008
(4) Dance hall  
(5) Swimming bath  
(6) Skating rink  
(7) Gymnasiums and other sport or recreation

In the context of the semantic analyze is important to understood that these two terms of properties, are in the semantic context differently built up, but their meanings are not so different in all and therefore in the common appraisal practice they wear the similar nature and describe the similar environment of the property, firstly the real property. More ever, these terms are sometimes in use of the real estate practice as synonymous words.

On the other hand, the examined types of property are always in the use as properties that must to give some revenue which is covering the original investments made by the different market participants, market player, involved into the play with named properties. If therefore appears any profit then its management and reinvestment depends in majority cases from the legal form of the entrepreneurship of the market players.

As we hereby deal with the terms revenue and profit, then practically in a moment starts to be evidential the fact, that in spite the sometimes non-profit nature and management these types of properties, they are a specialized sort of commercial property market description. Allowing to the last recognition is helpful to return to the property market segmentation interpreted by Peter Wyatt. In his *Property valuation in an economic context* (Wyatt 2007:69) Wyatt explains the commercial market classification allowing to its standardization levels as following:

1. Standard commercial property types
2. Non-standard commercial property types

Considering the goal of current paper, the basic interest serves the possible allocation of the non-standardized commercial property market that is also represented by Wyatt. In the contest of this allocation Wyatt (Wyatt 2007:69) divides the market segment of commercial properties of the non-standard properties into eight basic sub-segments, reported in the following table (Table 2)

**Table 2. Sub-segmentation of the non-standardized commercial properties**

<table>
<thead>
<tr>
<th>Accommodation</th>
<th>Licensed</th>
<th>Education</th>
<th>Leisure</th>
<th>Transport</th>
</tr>
</thead>
<tbody>
<tr>
<td>Camping park</td>
<td>Pubs and clubs</td>
<td>Day nursery</td>
<td>Golf course</td>
<td>Petrol station</td>
</tr>
<tr>
<td>Hotel</td>
<td>Markets</td>
<td>School</td>
<td>Sports hall/</td>
<td>Car park</td>
</tr>
<tr>
<td>Self-catering Unit</td>
<td>Restaurants</td>
<td>College</td>
<td>Ground</td>
<td>Dock/wharf</td>
</tr>
<tr>
<td>Guest house</td>
<td>Cafés</td>
<td>University</td>
<td>Leisure centre</td>
<td>Marina/</td>
</tr>
<tr>
<td>Student</td>
<td>Food court</td>
<td>Medical</td>
<td>Cinema</td>
<td>Mooring</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>Betting shop</td>
<td>Surgery</td>
<td>Garden centre</td>
<td>Bus station</td>
</tr>
<tr>
<td>Advertising Right</td>
<td>Casino</td>
<td>Health centre</td>
<td>Health club</td>
<td>Railway</td>
</tr>
<tr>
<td>Utility works</td>
<td>Bingo hall</td>
<td>Hospital</td>
<td>Theatre</td>
<td>Airport</td>
</tr>
<tr>
<td></td>
<td>Amusement</td>
<td>Nursing home</td>
<td>Amusement park</td>
<td>Vehicle dealership</td>
</tr>
<tr>
<td></td>
<td>Arcade</td>
<td>Sport facilities</td>
<td>Place of worship</td>
<td></td>
</tr>
</tbody>
</table>

17 This heading of recreation and leisure properties do not involve the motorised vehicles and firearms
Table 2

<table>
<thead>
<tr>
<th>Public service</th>
<th>Club-house</th>
<th>Sports centre</th>
<th>Swimming pool</th>
<th>Hostel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Library</td>
<td>Hall</td>
<td>Stadium</td>
<td>Cemetery</td>
<td>Home</td>
</tr>
<tr>
<td>Museum/Gallery</td>
<td>Playing field</td>
<td>Sports ground</td>
<td>Crematorium</td>
<td>Toilets</td>
</tr>
<tr>
<td>Community Centre</td>
<td>Allotments</td>
<td>Sporting right</td>
<td>Police station</td>
<td>Public Park</td>
</tr>
<tr>
<td>Prison</td>
<td>Swimming pool</td>
<td>Fire station</td>
<td>Law court</td>
<td></td>
</tr>
</tbody>
</table>

Relying to the contemporary appraisal practice is purposeful to add into Table 2 some different sub-segments of the subject types of properties, e.g. golf courses, country parks, holiday caravan parks, etc. In the contest of leisure properties is also considerable the possibility to classify some properties or their types in the Table 2 as some compound one and to call them leisure properties. (Williamson 1996:203) This improvement provides with upgrade of the sub-segmentation and gives to the valuation executers more perfect basis for the fulfillment of the request for appraisal. Also is evident, that the perfect, overall and at the same time universal, by it built up or constitution, segmentation is not available and its real built up depends from the local market conditions or from the appraisers experiences. Considering the leisure properties nature is intelligible, that sub-division “transport” does not have any connection with this delivery. But this is a first sight approach, so as when to start to list this sub-division more deeply, and then is possible to attach some of them to the other sub-divisions as a serving infrastructure. (E.g. marinas, moorings, hostels, etc.) Other way exists a possibility to rate some members of this sub-division as a single, separate and independent market allocations. (E.g. marinas and moorings, vehicle dealership, hostel, public park, etc.) Also is evident that some objects of this classification may wear simultaneously the both marks, the infrastructure and the independent sub-division. (E.g. city parks, marinas and moorings, vehicle dealership, etc.) Finalizing the relationship of the recreational and leisure properties to the valuation of them is important to draw down the connection between the properties uses and the valuation methods. The earlier introduced classification of a list of different subdivisions as non-standardized one, give to us a possibility to align the connection into two. If we arrange the valuation methods usage accounting the possible properties use, then Wyatt’s indication (Wyatt 2007:111) is adapted in the Table 3 as following.

Table 3. Connection of valuation methods with property types

<table>
<thead>
<tr>
<th>Type of property</th>
<th>Development property</th>
<th>Occupational property</th>
<th>Investment property</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialized property, trade-related</td>
<td>Residual method</td>
<td>Profits method</td>
<td>Profits method</td>
</tr>
<tr>
<td>Specialized property, no market</td>
<td>Cost method (no development value)</td>
<td>Cost method</td>
<td>Cost method</td>
</tr>
</tbody>
</table>

2.4 Basic tendencies of the market data analyze

According to the nature of the recreational and leisure properties, on the one hand, and the contemporary built up of the approach to the properties, on the other hand, then there is possibility that the current papers goal leads us to the value of these properties as enterprises, as business. (IVS 2007, EVS 2005) The factors that are commonly describing the market

Kaarel Sahk and Kalev Sepp
The fundamentals of recreational and leisure property valuation: beyond and unbiased

Baltic Valuation Conference 2008. Recreational & Leisure Property Valuation around the Baltic Sea
Klaipeda, Lithuania, 11 – 13 September 2008
situation from the side of concurrence between different firms that is busy in the leisure area are different from the common market drivers’ descriptions use for market analysis. The markers are likely to influence not only the one subject firm’s operation with the property, but also the degree of competition and interaction between firms includes:

1. the number of firms in the industry
2. the homogeneity of firms
3. the homogeneity of the product (substitutability)
4. the complexity of the product
5. the completeness of information available to consumers
6. the homogeneity of consumers
7. the role and importance of space in forming the “market”

Real estate demands this case, as a demand for the leisure properties, is derived from the demand for the product or service that the real estate as a leisure property provides. Thus, the analysis is tailored to the property type. (Fanning 1994:137)

1. Retail property - an estimate is made of the demand for retail services by retail customers.
2. Office space - an estimate is made of the demand for services provided by businesses housed in offices. The demand of these businesses for employees who will use the office space must also be estimated.
3. Housing - an estimate is made of population, employment, and households in the area.
4. Industrial space - the demand for industrial products that are produced in the area is estimated along with industry's corresponding demand for employees.
5. Leisure (recreational) space - the ability of the recreational use to attract vacationers and tourists is estimated.

To finalize the segmentation built up is effective to look the other sectors as the inseparable one, so as the demand for the leisure property is in the strong correlation with the other one, that are the supporting one.

Property productivity analysis and market segment analysis both identify the physical, location, legal, and design/amenity attributes of the subject property. These qualities of the subject account for its utility and productivity. The analyst asks these questions and to find them answers through the subject (leisure) property appraisal procedure:

1. What demand is there for the attributes of the property? Who can use these attributes?
2. How will the attributes of this particular property attract users to the real estate?
3. How many people are willing to pay for the attributes of this particular property?
4. How much are people willing to pay for these attributes?

To identify the subject’s attributes, means that real estate market segmentation is a process dividing market demand into meaningful buyer groups based on the property's attributes \textit{i.e.,} identifying different buyer groups attracted to the physical, location, legal/political, and design/amenity attributes of the real estate. (Fanning 1994:138-139)
The spreadsheet can be constructed to analyze the productive attributes of a property. Often productivity analysis is conducted with *a mental spreadsheet*, but sometimes it may be helpful to construct a formal spreadsheet like are the variables shown in Table 4.

**Table 4. Socioeconomic, geographic and buyer based variables** (adapted Fanning 1994:138)

<table>
<thead>
<tr>
<th>Socioeconomic variables</th>
<th>Geographic variables (location and size of area)</th>
<th>Buyer behaviour variables:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Nation</td>
<td>End user</td>
</tr>
<tr>
<td>Sex</td>
<td>State</td>
<td>Speculator</td>
</tr>
<tr>
<td>Family size</td>
<td>Region</td>
<td>Investor</td>
</tr>
<tr>
<td>Household size</td>
<td>County</td>
<td>Image-sensitive user</td>
</tr>
<tr>
<td>Income</td>
<td>City size</td>
<td>Prestige seeker</td>
</tr>
<tr>
<td>Occupation</td>
<td>Sector of the city</td>
<td>Price-conscious economizer</td>
</tr>
<tr>
<td>Education</td>
<td>Neighbourhood</td>
<td>Convenience or quality seeker</td>
</tr>
<tr>
<td>Stage in family/life cycle</td>
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<tr>
<td>Religion and race</td>
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<tr>
<td>Ethnicity and social class</td>
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</tbody>
</table>

Analyzing the nature of variables in Table 4 and their dynamical behavior is possible to notice, that the influence of real time is very cognizable. Paraphrasing the Malpezzi idea of about the short or long term speculators in the context of the market and it’s analyze factors, is contingent to classify the factors by the same way (accounting their allowance to the time):

1. Factors that are changing faster *i.e.* fast influence of time – short term factors
2. Factors that are changing slower *i.e.* slower influence of time – long term factors

In a moment it is distinguishable that the short term changes of factors is easier to forecast, so as they are expressing the market conditions, that are simple, and in some situations constant by their nature. Other way, the long-term factors are more sophisticated by their nature and to forecast their dynamical behavior changes is really complicated. Both of the exercises of forecasting are available to solve when

1. The market is enough small by its size (*E.g.* local market, CBD or sub-urban market, specialized cluster, *etc.*)
2. The Time influences factors are accounted in.
3. The superposition as a result an agglomeration trend is described.
4. The bilateral or multilateral movements of property levels position are included
5. The reckoning of the existent of the synergy correlated by the connected market segments

Essential segments of real estate market, such as:
- trade in apartments;
- lease of tenant premises;
- one-family private houses;
- property in land (for construction of one-family houses);
- property in land (for construction of industrial and public buildings);
- sales areas market;
- lease of office premises.

**Kaarel Sahk and Kalev Sepp**
The fundamentals of recreational and leisure property valuation: beyond and unbiased

**Baltic Valuation Conference 2008. Recreational & Leisure Property Valuation around the Baltic Sea**
Klaipeda, Lithuania, 11 – 13 September 2008
3. FUNCTIONAL AND CONDITIONAL PARAMETERS

3.1 Matrix of functions and variables

To describe the elementary and initial nature of functions and variables of property we look trough the scheme worked out by Ewald. Adapting this scheme presented by Ewald in his Environment and a man (Ewald 1967:281), and later refereed by Relph’s in its absolutely classic narrative story about the place and placelessness, we use some of the commonly used markers that traditionally are included by professional appraisers into the valuation process. Accounting the theme of the paper and conference – recreational and leisure property, the named matrix technological functions used by Ewald for the planning of spaces may be drawn down as following.

Table 5. Functions and variables for place planning

<table>
<thead>
<tr>
<th>Functions</th>
<th>Climate</th>
<th>Air</th>
<th>Water</th>
<th>Solid wastes</th>
<th>Noise</th>
<th>Intake</th>
<th>Safety</th>
<th>Privacy</th>
<th>Number</th>
<th>Density</th>
<th>Duration</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home</td>
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<td>Shopping</td>
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<td>Commuting</td>
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<td>Work</td>
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<tr>
<td>Recreation (spirit)</td>
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<tr>
<td>Leisure and recreation</td>
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<tr>
<td>Experiences of nature</td>
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<tr>
<td>Healing</td>
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</tbody>
</table>

The given functional diversification of places is a treatment of them as centres of existentially significance that starts to push to the playground the other actor - “the space”. It means, that even in terms of their qualities of appearance, rather such approaches, require the use of quantitative techniques of analysis and manipulation based on the averages of economic man and a dispassionate and impersonal approach to both place and people.

In the contest of this paper this matrix of functional world of variables describing the huge functional nature of them, and used for the markets data collection and analyzing in the contemporary real estate appraisal process, is expansively explained by Walter Gropius more than sixty years ago. Gropius explained that in spite the fact that the majority of citizens of a specific country have similar dwelling (owned or rented) and the similar living requirements is therefore very hard, probably impossible to understand why the dwellings that are built and are in use, do not wear the similar unification like the clothes, shoes or automobiles used by these dwelling habitats:

"The majority of citizens of a specific country have similar dwelling and living requirements; it is therefore hard to understand why the dwellings we build should not show a similar unification as, say, our clothes, shoes or automobiles."

(Gropius 1943:155)
Trying to find an explanation to this phenomenon the more sophisticated analyze of the components of the matrix is required. On the one hand the given subdivision of functions is similar to the real estate market segmentation. Also is clear and evidential, that the single valued, monosemantic description of market segmentation is not available, even more, it’s built up and development, cannot grasp all. The solution is an appraisers/analysts based indication and depends a lot of his/her experience and local tradition up till the use and user of the appraisal report.

Hereby the common essence of real estate take us to the use of the word “place” (a spot of activity) as a synonymous to the most used one “space” (real estate space) and to the understanding of it different means. As strange as it should be we may conclude here and after the definition arising from the world famous novel of Albert Camus “The Myth of Sisyphus” (Camus 1965, in Relph 1986:45) where the place as a complexity of various implications is constituted from three basic components:

1. the physical settings
2. the activities and
3. the meanings

So, paraphrasing Camus, is opportunity to declare that the property valuation in its nature, especially first of all the real estate valuation, is actually the very complicated process, whereby its participants are not dealing only with some sort of real property. The relationship of the real property, understood by Camus as physical settings are in tight contact with personal and society based activities founded on the real property existence. Also is transparent how coherent is the fact, that without the meanings of the subject property, there is commonly no available any social activities and the worth of property as utility is not acceptable. Exactly the named situation is an explanation, which draws the basic lines of similarity of the terms ”place” and ”space”, more ever, these words are frequently in the use as synonyms. According to the lot of different definitions, a place is part of but different form space, (Pacione 2005:25) i.e. more unsophisticated definition explains that the place is a part of space or as it is explained by Jensen:

“Place is a portion of geographical space. Sometimes defined as ‘territories of meaning’…” (Jensen 1999:224)

These definitions and the earlier indications of the non-traditional basis that appears on the scene in the drama of values demonstrate what are the empirically, sometimes intangible parameters, which also describe the property’s value. In spite the existing here and there huge different between the rural space and urban space, the sub-components describing the meaning, activities and real estate, the physical settings, as they were named by Camus (Camus 1965 in Relph 1986:45), are introducing not only a scene or a drama but also the real story that is performed. In it “Symbolic values and urban areas” Maria da Conceição Pereira de Carvalho illustrates the basic influences of space:

"For space, no less than time, is artfully recognized in cities: in boundary lines and silhouettes, in the fixing horizontal planes and vertical peaks, in utilizing or denying the natural site, the city records the attitude of a culture and an epoch to the fundamental facts of its existence". (Pereira de Carvalho)
3.2 Moving to the similarity

In this case in spite the fact that structures and buildings are something very special, designed under the standards, rules and norms and other regulations we may emphasize Warszawski, who treated:

"...The meaning of cultural phenomena is grounded neither in external natural processes nor in the internal mental processes of individuals, but in the rules, norms, and values governing (but not rigidly dictating) practice and belief. The sources of such norms are non-subjective and non-empirical. They cannot be known prior to empirical investigation, but neither can they be defined in empirical terms. Rather, such norms exhibit a certain (though often blurred and continuously shifting) range of possibility of belief and practice; they are the logical space - built up over time and possessed of historical depth - in which a community of people think and see.” (Warszawski 2003:4)

The rules of the individuality that are managing the behaviour of the man mat also be abstracted and represented as a *modus vivendi*, representative and specific to a man who is owning or using the leisure property and/or using the services produces by it. These addresses us to the short analyze of contemporary analyze of the *modus vivendi*, that should be also accounted, then the appraisal of named properties is a task.

Throughout the explanation of the lifestyle of different users and owners, named earlier also as market players, market participants, the classification of them into target groups may arrange. This is also significant that some of the fabricated target groups wear the signs specifying them and discriminating as risk groups. Monitoring above named is possible to represent the diversified formations of the term “life style”

For instance the foundation of it may include the values that a person expresses with reference to a limited number of basic dimensions like freedom, justice, equality etc. On the other hand some so named actual "patterns of behavior", e.g. lifestyles characterized by substance abuse or an active leisure time involving sports, work in political organizations, etc, should also be involved in. This all constitute a group or a cluster of attitudes, opinions, interests and activities. In this case the investigator, who is the *appraiser*, usually includes a theoretical mixture of very different concepts, which are supposed to serve as a basis for classifying or segmenting a population. The segmentation should in its turn be possible to use in marketing products or influencing habits. (Service users)

Discarding the five psychographic whales of the life style foundation represented by Wells is more contemporary the Zetterberg’s point of view based on the eight *lifestyles types*:

1. work oriented
2. family oriented
3. socially oriented
4. nature oriented religiously oriented
5. societal orientation
6. consumption orientation
7. entrepreneurs

Without the deeper analyze of the given classification of life stiles is transparent that all of agents of it have the separately and corporate effect to the appraisal procedure of leisure
facilities. The underlined influence cannot be accounted in only then when the appraiser, solving the appraisal task and estimating the value, is not competent and enough qualified for this target\(^{18}\). Also is comprehensive that the named is a strong and clear support to the introduction of the fact that the appraisal procedure of leisure property is not feasible and realistic, if not only the place and space are included in, but also the life styles of the man are introduced as the part of market analyzes.

### 3.3 Influences of the place and space to the valuation procedure

Beside the description of the eight life styles of a man, there is a distinguishable influence, which is based on the action of the man as a member of the different ethnically, group. In this case Felipe and Betty Ann Korzenny had enhanced us with approach of culture based on differences of nation groups. Alongside of the already existing natures groups formed on the ethnic bases, is also very calculable the immigration procedure. Accounting it, the Felipe and Betty Ann Korzenny considered, that the immigration situation in the mono- or multilateral big cultures generate a situation unlike the earlier and there appear the new subcultures based on the large immigration groups. All this is also spectacular, but available for accounting of it, while the appraising tasks executor is able to draw down the time line and its ineffectiveness to the valuation as a procedure and the to the result of - the estimated value, that is appraised in the context of the current market situation.

The time line based trajectory, which is undertaking the surrounding nature that in the real estate aspect is a nature or an artefact, and use for the description of it apart the traditionally market portraying tools and the non-traditional one, is potentially named the *chronotope* of the property. Its routs starting from Bakhtin’s philosophy and semiotics additionally the Table 6 deeper analyzed lastly in the paper of Sahk and Torop.

#### Table 6. Property based *chronotope*

<table>
<thead>
<tr>
<th>LEVELS</th>
<th>CULTURAL SYNCHRONY</th>
<th>CULTURAL DIACHRONY</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROPERTY AS PLACE: CULTURAL ENVIRONMENT</td>
<td>Actual culture, living space (urban-rural), nature, sacral and profane places, material culture</td>
<td>Traditional culture, sustainability, historical values and artefacts</td>
</tr>
<tr>
<td>TOPOGRAPHICAL CHRONOTOPE OF CULTURE</td>
<td>Actual aspects of identity</td>
<td>Historical sources and boundaries of identity</td>
</tr>
<tr>
<td>PROPERTY AS SPACE: CULTURAL SELF-DESCRIPTION</td>
<td>Actual aspects of identity</td>
<td>Historical sources and boundaries of identity</td>
</tr>
<tr>
<td>PROPERTY AS CHRONOTOPE: CULTURAL VALUES (MODELS AND SELF-MODELS)</td>
<td>Verbalisation, Texts, artefacts</td>
<td>Verbalisation, Texts, artefacts</td>
</tr>
</tbody>
</table>

\(^{18}\) This target is an unconventional puzzle that will be paraphrased in term of mathematics as a multivariable function.

Kaarel Sahk and Kalev Sepp

The fundamentals of recreational and leisure property valuation: beyond and unbiased

4. VALUATION BEYOND THE FUNDAMENTALS

4.1 How to draw the sustainability?

The result of the growing development interests of society and its conflict with nature and with the environment in general, was the culmination of the need to explain to the society the importance of the possibility to manage (arrange) the symbiosis of needs based on both of the comprehensions and to develop it already in the near and farther future. The understanding of the term “sustainability” and its definition were firstly introduced in the report "Our Common Future" and the report served as a crossroads addressing the human society via a wide range of actions to the new destination. Considering our attention to the context of the report in general from the sides of it pick points, starting with nature and finishing with energy and its use, we may clarify the two basic understandings of the report, used already earlier in this paper: announcing that “environment” is where we all live, and “development” is what we all do in attempting to improve our lot within that abode i.e. nature and artifact.

Expanding the above-given to sustainable living as a process, that means in our understanding the use of real estate considering the historical real estate and the historicity in general and that the current generation must (should) live in a manner that will preserve resources and allow the environment of the same quality of life for future generations. Considering the nature of sustainability it can be broken down into three general categories:

1. Economic,
2. Environmental, and
3. Social,

which were preliminarily drawn on by researches as a soft approach (soft connections between separately standing pools) and during the sustainable approach development into a core approach one, as pools are located in each other in the relevancy of their priority of importance (Figure 1).

These categories, commonly referring to the nature of sustainability as a plane in the graphic geometry trough three points, a three-legged tabouret, i.e. well-known Alvar Aalto’s one, on the other hand, are balanced with the different systems of factors influencing real estate value, that in spite the diversity of approaches in the theory of real estate, bring us to the four basic groups on the other hand (Ilsjan 2003, Wyatt 2007/7, Pacione 2005/273):

1. Physical factors,
2. Political factors,
3. Social factors and
4. Economical factors

19 Norwegian Prime-Minister Gro Harlem Brundtland chaired the Commission, and its report published in 1987 was widely known as "The Brundtland Report".
20 We mean hereby the UN "Earth Summits" in 1992 and 2002*, the International Climate Change Convention and worldwide "Agenda 21" programs.
21 These explanations serve the bases of Kyoto meeting and sustainability meeting ,,Rio+10“hold in Johannesburg, South Africa.
22 These factors are interpreted from the common appraisal practice and sometimes are various by the Baltic States considering their local legislation.
It is clear and quite evident that as all the three legs of the tabouret are necessary for it standing up, a society, with healthy economy based on the consideration of the needs of environment is essential to load sustainable community, community of wealth. The categories involved into the core approach of sustainability rarely, if at all, occur independently of each other and therefore require complex solutions that reflect their interconnected nature — in the context of our paper the connection between real estate and historicity, real estate and sustainability and of course the manifested convergence of them as the part of semiosphere, coded, decoded and sometimes overcoded as well.

Considering the both approaches of the term “sustainability” explained by researches for the market — the “soft” and the “core”, the attitude into surrounding environment is very important and this importance grows intermittently when we manage the historical real estate and its essence — historicity, analyzing the natural environment and artifact environment and use for its description the above named parameters through the signs and marks portraying the real estate and semiotic space through the similarity of them or via narrative story retelling their importance history.

**Sustainable Economy.** Considering sustainable economy we may conclude that traditional indicators of economic activity always do not measure whether or not the activities are improving the quality of human life. (Its both sides: the natural and the artefact one) Common indicators that measure the sustainability of economic activities demonstrate to us, how the links between economic activities, society and the environment are manifested, considering firstly the soft approach, and later the core approach.

**Sustainable Society.** Considering the indicators that measure the sustainability in the contest of characteristics or practices applied by society as signs and marks of and for coding, should gauge and value the extent with which people — humans, *i.e.* market players are able to satisfy their basic needs. Trough the coding mechanism they should also measure the ability of the
community to use its economic, environmental and human resources without exhausting, overusing them and bring this way the coded or recoded picture back to the humans mind.

**Sustainable Environment.** In spite the fact, that for better explanation we divide the environment into nature (environment) and into artefact (environment), the environment serves as the source and the ultimate recipient of everything we create *i.e.* every artefact what is connected with the nature through the added value – work. Environmental sustainability as an indicator should measure the extent to which natural resources are being used or should be used in a appointed way though, that future generations will allow to have equal, less the similar opportunity to use and enjoy them as we done. In this case we discuss below some of the main mechanisms and relevant characteristics of measurement.

### 4.2 Evaluating sustainability – what do we value in practice?

Consideration of the sustainability is correlation between real estate, wealth and cultural analysis; very important is to underline some approaches of the development procedure and its valuation, so as the two basic procedures according to the two phenomena, sustainability and development, must be if not equal, then balanced. Real estate, in its different forms and with different ways of appraisal, is inseparable from the general development of culture. Material culture is humans’ primary cultural environment and any part of this environment (a house, a home) helps us to identify the ways culture creates its identity and the continuity, which in its turn is the basis for the understanding of sustainability.

Margaret Mead\(^{23}\), an anthropologist, has distinguished between three basic types of cultural identity. In a *postfigurative* culture, the model for behaviour and values of each generation is taken from a previous generation. This is the identity that children inherit from their parents. A *configurative* culture is one in which the prevailing model for members of the society is the behaviour of their contemporaries.

“...In a society in which the only model was a configurative one, old and young alike would assume that it was ‘natural’ for the behaviour of each new generation to differ from that of the preceding generation. In all configurative cultures the elders are still dominant in the sense that they set the style and define the limits within which configuration is expressed in the behaviour of the young” (Mead 1970:25)

In a *prefigurative* culture, the patterns of identity come from young; the models of behaviour are created by subcultures, or even on a quite individual basis.

These three forms of identity have been seen as periods in the development of cultures. Traditional cultures, in which the local environment and ties to nature play a great role due to agricultural activities, support the cyclic repetition of behaviour and the inheritance of experience from the old generation by the young. Thus the postfigurative cultures are characterised by an emphasised authority of the aged. The postcolonial processes, big wars, and particularly the massive migration of people increase the differences between generations, and thus the generation as such becomes a model of identity - this is a configurative phase. Rapid technological changes as well as the meeting of new values and the introduction of new

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\(^{23}\) Margaret Mead (December 16, 1901, Philadelphia – November 15, 1978, New York City) was an American cultural anthropologist who was frequently a featured writer and speaker in the mass media throughout the 1960s and 1970s.

*Kaarel Sahk and Kalev Sepp*

The fundamentals of recreational and leisure property valuation: beyond and unbiased

*Baltic Valuation Conference 2008. Recreational & Leisure Property Valuation around the Baltic Sea*  
*Klaipeda, Lithuania, 11 – 13 September 2008*
relationships – very much a result of the globalisation of communication – would make the young generation the leader in learning and acquiring the new experience; thus the prefigurative phase characterises most of the current world.

However, these forms of identity are not just periods of cultural development; they are also structurally different types that may function simultaneously. There may exist dialogues between the different forms of identity, and as a result of such dialogues, some of these forms may become dominant. In addition to the temporal aspect, of course, space has great importance, since identity has also spatial dimensions. The postfigurative identity signifies the traditionalism of the living space, the dependence on certain fixed body techniques and ways of building, the naturalness of the living environment. The home is an expression of the value put on inheritance; the introduction of new ways and styles of construction is slow. The configurative identity means, on the one hand, dualism that is brought about by urbanism so that there are cultures where there exist contacts between parents living in the country and children living in cities or, as an extension of it, where people have both a country or summer house and a home in the city as the permanent residence. On the other hand, the migration processes allow us to discuss dualism between cultures: a more limited version of this is life in functional space, \textit{i.e.} in a prefabricated house or a typical flat, to where you can bring along furniture from your home or other objects related to the identity space (See also Jean Baudrillard, in (11))

The \textit{prefigurative} identity emphasises processes of self-signification and a person’s home (the house) becomes an important means for the construction of identity. Since prefigurativeness also means a change of identity or the simultaneous existence of several identities, the real estate market plays an important role in the social and psychological processes of the identity. More so, the real estate market mirrors the identity aspirations of the society, whatever the real estate might be.

The possibility to construct one’s own identity causes, in different domains, the wish to cross boundaries. On a psychological level, this could mean a desire to use real estate in order to represent one’s identity – which can lead to taking excess risk borrowing and mortgaging. In social terms, it can be the desire to express one’s social status through the living space (an apartment, a house). In a political sense, this could mean the crossing of the visible or invisible boundaries of what is allowed and what is not: for example, construction in a restricted zone in the old parts of a city or in a natural reserve, the dismissal of environmental requirements for the building’s cubature. And economically it means the distribution of consumer behaviour, that is, the identification of real estate as identity, prestige or pride goods (Khalil 2000:53-57), yet in specific conditions, what matter are the balancing processes which help to retain a balance in market and consumer behaviour and to create a local cultural consensual space and explained by Quinn as:

\textit{“Consensual spaces are produced in interrelated and overlapping human groups, overflowing strictly local boundaries around one another, crossing over and cross-referencing one another. They are found in any kind of human grouping around ideological or religious beliefs, activities of all sorts including athletic activities, housework, cultural activities, scientific endeavour, as well as in their rituals”.} (Quinn 1999:111)

For the better introduction of the above given definition of Quinn will be the best to return to descriptions of Irene Portis-Winner (Portis-Winner 2002), which explains how the behaviour
of humans on the one hand and their change of the transcription of common marks during the relocation, on the other hand, when they moved from Žerovnica (Yugoslavia) to the Cleveland in United States, is changed. Real estate can be spoken about in the language of the utilitarian market price in which case the value of real estate is its market value. But there are periods and situations where this language is found too poor for the culture and real estate becomes, above all, a fact of culture so that its value is complex and can be described and analysed in various ways. This means that the description of real estate should include various metalanguages which entails that the concept of real estate is, in addition to mercantile concepts, related also to ethical, ecological and identity concepts. This is especially important in case of historical property.

For the cultural interpretation of real estate the semiotic approach is most important. On the one hand, the semiotic viewpoint is important in terms of the concept of sustainability. A sustainable culture must be concerned with itself, it must continually describe and analyse itself. This results in the emergence of autocommunication models. (Lotman 2000:417-425) Juri Lotman has emphasised the importance of autocommunication, and self-description, self-modelling of culture. He has distinguished between three types of self-models:

- Self-models that tend to achieve maximum similarity with real culture;
- Self-models that are different from the reality and that serve as means for changing the real culture;
- Self-models that are different from the reality, and are meant to stay different.

The autocommunicativeness of culture is not much different from the autocommunicativeness of an individual creator. In neither case do we know with certainty, if the case is about mnemonic autocommunication, i.e. about reporting about the already known in another form or other sign systems, or with discovering autocommunication, i.e. with the creation of novel correlations in what exists in memory.

For the development of culture, the complementariness of self-models, the simultaneous involvement of the same phenomenon in the models of different levels, is important. The different models help to demonstrate the hierarchy of the different languages of description in the culture. In cultural dynamics the simultaneity of two processes in culture is important. On the one hand, as Juri Lotman claims, the result of auto communication and search for identity is the specialisation of the cultural languages in the different domains of the culture. On the other hand, for the culture as a whole, the integration of cultural languages is a way for the culture to communicate with and understand itself. But the dynamics of the integration are also expressed in the simultaneity of two processes. On the one hand, the different parts of culture create self-descriptions and together with these also meta-descriptions from the point of view of the culture as a whole. This is integration via autonomies. On the other hand, the interaction between the parts of a culture causes the mixture, creolisation of cultural languages. Creolisation is a sign of dynamics and an intermediary stage before a new autonomy, i.e. pure (self-) description. Juri Lotman has thus created an understanding of culture not as a static system but as a continually developing collective intellect, which is characterised by the need to acknowledge its identity and to express itself or be creative (Lotman 2000:568-580)

Following from this logic, real estate is a phenomenon, which we can understand in terms of utilitarian unambiguity, but at the same time the dependence on other social processes forces
us to find new approaches to the concept of real estate and also new languages of description. The simultaneity of the latter allows seeing them as a creolised language of description. This leads to another semiotic viewpoint related to the Umberto Eco’s concepts. For Eco, the understanding of the communication process means the understanding of the message as a source of information and also as an interpreted message. The success of the understanding depends on the type of the presuppositional tension, because tensions can be caused by ideological, accidental or even misleading presuppositions. Eco calls the activity of the receiver in the communication process decoding. Failure to decode can create a new understanding, a new interpretation or extracoding. This can happen in two ways, as overcoding – excess complication of the idea – or as undercoding – primitivation (Eco 1977)

Cultural semiotics thus offers a semiospheric approach to real estate, because in each specific case the part and the whole, the particular property on its own and the property as a part of a local system or as a general cultural phenomenon, need to be described.

4.3 Behavioral drivers for sustainability’s measurement

When we start to research the behavioral side of the real estate players to find out their reasons considering the stages of the decision and investigate how these decisions affect the common understanding of coexistence of the real estate, semiosphere and sustainability then we can not ignore the conceptual blockbusting about what Wilson wrote already four decade ago, describing the position of basic player on the market – real estate appraiser, who explains beside the common parameters of value also the part of their historical nature and the impact of it through the historicity - to the highest and the best use, its possibility and to the value compared with the standardized market approach. Returning to the roots the cognitive behavior, we conclude that the classification given by Julian Diaz III (Diaz 2002) we may follow one of the fourth themes named by him, the biases and the heuristic, that return us with help Diaz III to the human mind as serial information processor with limited capacity, founding the artificial intelligence. This transmission gave us the three categories of human behavior, when he or she is making a decision, is judging about something – making a judgment. As it was explained by Tversky and Kahneman, developing the pioneered idea of Newell and Simon, there may emergence the three aspects that humans, in our context the market players, who are dividing or treating the data about historical real estate and its historicity, of course interesting us – the ability to load the sustainability, use and give a sense through the marked process, developed into following three categories:

1. Heuristic “availability”
2. Heuristic “representativeness” and
3. Heuristic “anchoring and adjustment”

With help this three basics heuristics, humans as market players routinely make the decisions, but what is more important for us, explain the nature, artefact and sustainability, using the classical decision tree for experts (Diaz 2002), or classical tree of real estate decisions, worked out by Phyrr, Cooper, Wofford, Kapplin, Lapides, (Phyrr, et al. 1989), using it first of
all in the data and information collection aspects and later, applying these as a narrative story coding or recoding acquired information in the valuation process (Torop, Sahk 2004), in the explanation of historicity with the purpose to involve or push away the public intervention.

The second description of human, i.e. market players behaviour is more fresh and explain their connections with the organisational culture, what give us an aim that therefore exists also quite strong relationship when we approach and convergent to this aspect from the side of historicity, semiosphere and sustainability, on spite the fact that the theoretical approach itself was explained and worked out by Phua and Rowlinson (Phua 2004) mainly for the construction sector. (Adapted from Hawkins (Hawkins 1997))

**Table 7. Core levels of culture affecting the understanding of historicity**

<table>
<thead>
<tr>
<th>Level</th>
<th>Levels of Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEVEL 1 Artefacts</td>
<td>Policy statements, mission statements</td>
</tr>
<tr>
<td></td>
<td>Expressive practice, symbols, expression, rituals and forms</td>
</tr>
<tr>
<td>LEVEL 2 Behaviour</td>
<td>What people say and do, what is encouraged and rewarded</td>
</tr>
<tr>
<td></td>
<td>How conflict is handled resolved; how mistakes are treated, etc.</td>
</tr>
<tr>
<td></td>
<td>Importance of adhering to existing norms, values and beliefs</td>
</tr>
<tr>
<td>LEVEL 3 Mindset</td>
<td>Organizational “world view” – ways of thinking that constrain behaviour</td>
</tr>
<tr>
<td></td>
<td>Organizational values in use, basic assumption</td>
</tr>
<tr>
<td>LEVEL 4 Emotional Ground</td>
<td>Mostly unconscious emotional states and need that create an environment within which events are perceived</td>
</tr>
<tr>
<td>LEVEL 5 Motivational Roots</td>
<td>Underlying sense of purpose linking individual purpose and motivations to those of the collective</td>
</tr>
</tbody>
</table>

Adapted by Phua and Rowlinson the cultural levels, described by Hawkins help us to understand how the elements of nature or elements of artifact as a real estate, describing or not describing the sustainability, become synonymous with the culture i.e synonymous with the semiotic marks and signs, the semiosphere and its versatility built up and what will more or less reflect in the humans mind and through the neural network, which is working like censor, returns back into society. Manifestly these give to us the different cultural understandings of historicity and via cultural identities and individual, sometimes cooperative behavior help us to code or decode the signs in the broad view not only balancing on the border of the different spaces: semiotic, real estate and sustainable, but also help us to convergence these three independent categories.  

5. CONCLUSIONS

Analyzing the literature specialized to the valuation of the recreational or leisure property, that had came up till the year 2008, is possible to state once again the earlier made conclusion as yet in force: In the area is luck of literature. But on the other hand, drawing down the

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26 This viewpoint makes clearer the relocation decoding, explained earlier by Irene Portis-Winner
Kaarel Sahk and Kalev Sepp
The fundamentals of recreational and leisure property valuation: beyond and unbiased

Baltic Valuation Conference 2008. Recreational & Leisure Property Valuation around the Baltic Sea
Klaipeda, Lithuania, 11 – 13 September 2008
parallelism between the different editions of the existing literature, accounting the current paper, there is a potentiality to characterize these coincidences and made some generalization. The concluded generalizations are available regardless the very big variety of the printed books volumes and also the some sort of the philosophical nature of this paper; but it is available as their built up is wearing some sort of similarities.

1. The first and fundamental approach that is consolidating that the same data is the starting one for the all descriptions of the properties involved in. So the scope is to conclude that in spite the type of the recreational or leisure property, universalized term “leisure property”, the description of it must be fulfilled. Also is evidential that despite the fact that we do deal or we do not with the reviewer who as an experienced eye, the description are really distinguish and in some cases needs the professional help from side of other professionals, i.e. civil engineers, land architects, environment engineers, etc.

2. The second and also the standing position is the role of market data collection for the appraisal of the subject property. Hereby two analogies are visible: the data, as in the common appraisal situation is completed as the market-based data and/or as a data describing the subject property and the properties, which are similar with it. The other analogy is based on the market information databank and rich us with the cognition, that the number of the market information which is in transaction terms is actual, is very important also and as a fact rising on the non-standardized nature of leisure properties, insufficient and unsatisfactory for use.

3. The third parallelism introduces the availability for use all of three basic valuation methods and their applying techniques, but the importance of their use is not usually starting from the sales comparison approach, as the basic one. Sequence of the methods turns into the other direction and as abstract of the applied valuation schemes is obvious that the cost approaches a leader. In this case we do not deal with the clear cost estimation, but the cost based analyzes conduct us to the two additional valuation schemes, viewed by Wyatt (Wyatt 2007), Scarrett (Scarrett 2008), Sayce (Sayce 2006), et.al. French (French 2007). These schemes are the residual valuation and contractor cost methods.

4. History and culture in the context of leisure properties are wearing extra qualities and commonly to don produce extra values.

5. History and culture as the generic market conditions markers, contrariwise, are producing for the owner many different special expenses considering the nature and artefact of property.

6. On the traditional real estate markets, the market participants do not accept these extra expenses.

7. To exceed these expenses commonly is needed the interruption of local authorities, that we call public intervention.

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27 Hereby the descriptions of the golf courses, shopping centers, etc. may be in use as an example.
28 Not as a part of the underlined parallelism is an accurate fact, which explains a situation when and why the traditional three valuation methods or their derivations – five appraisal methods are inefficient.
8. The efficiency of public intervention depends on the process of coding, decoding and also from the results of overcoding, if it exists.

9. The attractively and successfullness of the coding process depends form it discourses built up and from the ability of market players to understand the used metalanguages.

10. Therefore exists a clear need in the next future to work out and employ the special thesaurus allying the real estate and semiotic approaches to the sustainability as the basement of metalanguages in area.

11. The named conclusion helps us if do not avoid then better to understand the significance of human factor in this process.

12. The explained approach draw down for us converging dependency of sustainability, of real estate and semiosphere, which bordered by architectonic, etc complex paradigms in spite the fact, that they are already partly involved.

13. In spite the real definitions of Umberto Eco, there should appear also the term undercoding, similar with the real estate market term undervalue under-price and recoding, similar with the real estate market term under-revalue, revaluation.

14. The property based chronotope and its future workout will be helpful not only for treated properties appraisal procedure arrangement but in the all appraisal practice in deed.

6. GLOSSARY OF DEFINITIONS OF RECREATIONAL AND LEISURE PROPERTIES

**Allotment** is a tract of land that has been divided into smaller parts; a subdivision.

**Amusement park** is a commercially operated park offering various forms of entertainment, such as arcade games, carousels, roller coasters, and performers as well as food, drink, and souvenirs; differs from circuses, carnivals, and fairs in that amusement parks are permanently located. Some amusement parks, known as theme parks, are designed to evoke distant or imaginary locales and/or eras, such as the Wild West, an African safari, or medieval Europe.

**Betting shop** is a licensed bookmaker's shop that is not at the racetrack.

**Bikeway** is a continuous path designated for the use of bicycles and other self-propelled vehicles.

**Bingo hall** is halls were players might play the bingo. Bingo is a game in which players mark off numbers on cards as the numbers are drawn randomly by a caller, the winner being the first person to mark off five numbers in a row or other pattern.

**Cabin** is a small, simple hut or house. Cabins are often a rustic shelter made of logs.

**Campground** is a plot of ground upon which two or more campsites are located, established, or maintained for occupancy by camping units as temporary living quarters for recreation, education, or vacation purposes. Typically campground is located in a resort location or wilderness recreation area.

**Camping park** is an area in which parking space for house trailers is rented, usually providing utilities and services.

**Cinema** is a movies (amotion-picture) theatre.

Kaarel Sahk and Kalle Sepp
The fundamentals of recreational and leisure property valuation: beyond and unbiased

Baltic Valuation Conference 2008. Recreational & Leisure Property Valuation around the Baltic Sea
Klaipeda, Lithuania, 11 – 13 September 2008
**Clubhouse** is a building occupied by a club or the main building of a country club. In Sports clubhouse is the locker room of an athletic team.

**Community facilities** are facilities owned and operated by non-profit private agencies, *e.g.*, churches, settlement houses, recreation and neighbourhood centres.

**Community facilities** are facilities used in common by a number of people and often owned by the general public, *e.g.*, streets, schools, parks, playgrounds, and public facilities. Facilities are owned by the public or a municipality and are operated for the public's benefit.

**Café or coffee shop** is an informal restaurant offering a range of hot meals and made-to-order sandwiches. This differs from a coffee house, which is a limited-menu establishment which focuses on coffee sales.

**Golf course** is a golf facility that often includes features such as grading, landscaping, an irrigation system, a clubhouse with food and beverage service, a pro shop, and storage. Income is generated from membership sales, greens fees, concessions and restaurant sales, golf cart rentals, and pro shop sales.

**Golf resort** is an upscale destination oriented around a golf course; may have other club facilities available.

**Food court** is a plaza that is contiguous with the counters of multiple food vendors and provides a common area for self-serve dining. Food courts may be found in shopping malls and airports and in various regions (such as Asia and Africa) may be a standalone development.

**Health club** is a club, also called fitness studio, exercise center or fitness center, is a place which houses exercise equipment for the purpose of physical exercise. There exist specific health clubs that specialize in catering for female exercisers.

**Health spa** is a place of business with equipment and facilities for exercising and improving physical fitness

**Hostel** is a facility that provides lodging, generally for younger travellers.

**Hotel** is a facility that offers lodging accommodations and a wide range of other services, *e.g.*, restaurants, convention facilities, meeting rooms, recreational facilities, and commercial shops.

**Leisure** is freedom provided by the cessation of activities, especially the time free from work or duties. Leisure is a time spent in or free for relaxation or enjoyment.

**Marina** is a boat basin that provides dockage and other services to pleasure craft. A structure along which vessels can be held or docked for loading and unloading; usually constructed parallel to the shoreline. If the long side of the dock extends into the water from the shore, it is called a pier.

**Market** is a set of arrangements in which many buyers and sellers are brought together through the price mechanism.

**Market** is a gathering of people for the buying and selling of things; by extension, the people gathered for this purpose. See also real estate market.

**Mooring** is a line that holds an object (especially a boat) in place by a cable or anchor.

**Motel** is building or group of buildings located on or near a highway and designed to serve the needs of travellers by offering lodging and parking; may also provide other services and amenities, *e.g.*, telephones, food and beverages, meeting and banquet rooms, recreational areas, swimming pool, shops.
Playground is an active recreational area with a variety of facilities, including equipment for younger children as well as court and field games; usually located next to an elementary school and serves the neighbourhood.

Pub i.e. public houses are taverns consisting of a building with a bar and public rooms; often provides light meals. In the pub the beverages, primarily alcoholic but also non-alcoholic may be bought and drunk either standing up or sitting down at tables (some of which may be in a garden), during fixed business hours.

Recreation means refreshment of strength and spirits after work, also recreation means of refreshment or diversion

Recreational lease is a lease on recreational facilities granted a tenant in a condominium or townhouse development by a developer-lessor for a stipulated time and rent; typically long-term with increases in rent tied to an index

Recreational vehicle (RV) parks are campsite facility with parking for recreational vehicles and individual hook-ups for water, electric and other utilities. Communal bathhouses and laundries are also typically available. High-amenity camps include more extensive hook-ups such as telephone and cable as well as communal pool and planned events and child activity programs. Recreational vehicle parks are also called trailer camp.

Restaurant is a place where meals are served to the public.

Self-service carwash consists usually of a garage-type building with walled bays each housing a coin-operated power-spray unit. Spray units dispense a soap/water mixture followed by a rinse spray; may also have options for waxing, tire cleaning, and spot-free drying. The customer performs all the work, and there is typically no requirement for any full-time personnel to remain on-site to collect money or operate or repair equipment.

SPA resort is a relaxation, rejuvenation, and recreation hotel destination. Modern-day spas are known for therapeutic treatments and exercise, and they are usually located in scenic areas that may also include recreational outlets such as golf, tennis, or skiing.

Sports arena is a large-scale venue designed to stage athletic competitions before large audiences.

Swimming pool is watertight basin, chamber, or tank containing an artificial body of water for swimming, diving, or recreational bathing. It means, that a pool is permanently attached to a filter system.

Theater is a special building where theatrical performances or motion-picture shows can be presented.

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Kaarel Sahk and Kalev Sepp
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